

<b>Process</b>	Records Management
<b>Title</b>	Record Retention and Maintenance Practices
<b>Observation</b>	<p>During the course of our audit test work in the area of leases, it was noted that the University did not have an effective system of filing and maintaining current documents and contracts. The University did not have copies of at least 3 lease agreements and had to obtain the agreements from its vendors.</p> <p>In addition, during our test work in the area of student accounts receivable, we noted that certain monthly reports are not maintained. It is vital that the University maintains these records since it is not possible to recreate these reports at later dates.</p> <p>We also noted that certain student accounts receivable reports are not timely reviewed and corrected by University personnel. An error in the amount of \$30 million which had been on the accounts receivable aging report since the end of the 1999 fiscal year, remained on that same report at the end of fiscal year 2000.</p> <p>Finally in the area of accounts payable, we noted that certain invoices and other supporting documentation was not maintained by the University and had to be requested from vendors and the central office.</p>
<b>Recommendation</b>	<p>We recommend that the University retain its important documents, contracts and reports to ensure that it has the necessary support for its transactions. We further recommend that the University review its reports for accuracy by comparing information recorded on such reports with other corroborating information and that errors are timely corrected.</p>

<b>Process</b>	Budget Reporting
<b>Title</b>	Submission of Monthly Budget Reports
<b>Observation</b>	The University is required to submit monthly budget reports to the District's Chief Financial Officer (CFO). During the course of fiscal year 2000, University personnel ceased reporting budgetary data to the CFO's office due to the fact that they determined the financial data to be unreliable. In order for the District to properly forecast its financial position and ensure its compliance with the Anti-Deficiency laws, it must receive timely and accurate data from all of its component units.
<b>Recommendation</b>	We recommend that the University act quickly to improve its accounting and reporting functions so that it is able to provide the required information to District officials.

<b>Process</b>	Financial Reporting
<b>Title</b>	Expenditure coding in the SOAR System
<b>Observation</b>	At the end of fiscal year 1999, the University changed its financial reporting system from CUFS to SOAR. This resulted in numerous problems in obtaining information and preparing financial reports in the prior year. As part of the process of the conversion, the University was required to code its expenditure into the SOAR system using certain PCA or index numbers. These PCA numbers are used to classify expenditures into the various functional categories. During our review of the financial statements and the compilation of those statements, it was noted that the classification of expenditures utilizing the SOAR system was inconsistent with that used the CUFS system. Comparisons between the two years were not possible, as the classifications of expenditures in 1999 and 2000 were not the same. Additionally, it was noted that there was a manual reclassification of expenses for a PCA number which was classified as Student Services in the SOAR system and was later determined to be Instructional expenses. Improper classification of expenditures could distort expenditures by category, which is used for making budgeting and other decisions.
<b>Recommendation</b>	We recommend that the University revisit its coding of expenditures in the SOAR system to ensure that its categorization of expenditures actually reflects the nature and the substance of the expenditure.

<b>Process</b>	Disbursements
<b>Title</b>	Tracking Appropriated Fund Expenditures
<b>Observation</b>	The District appropriates in excess of \$40 million to assist in funding the operations of the University. The University cannot over expend this appropriation, and therefore must carefully track the expenditures made from appropriated funds. Although the University does have budget procedures in place to ensure that expenditures from appropriated funds do not exceed the appropriated amounts, adjustment made by the accounting staff and the contractor to the appropriated fund did cause expenditures to exceed the appropriated amounts. These adjustments were later reversed.
<b>Recommendation</b>	We recommend that the University closely monitor its charges to the appropriated fund as exceeding the appropriation could put the University in violation of the Anti-Deficiency law.

<b>Process</b>	Fundraising
<b>Title</b>	Fundraising
<b>Observation</b>	With current tuition pressures and competition in the market place, active fundraising efforts are essential to increasing endowments and developing resources to provide student opportunities, expand facilities and acquire equipment.
<b>Recommendation</b>	Considering the University's mission and the varied needs of its constituents, we recommend that its focus on fundraising programs be intensified in order to assist in meeting the long-term goals and objectives of the Board and management.